

CITY OF OELWEIN

INDEPENDENT AUDITOR'S REPORT  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

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## CITY OF OELWEIN

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Larry Murphy	Mayor	January 2014
Bruce Bearinger	Council Member	January 2014
Resigned 12/7/12		
Ben Weber	Council Member	January 2014
Elected 3/11/13		
Kevin Stickel	Council Member	January 2014
Rex Ericson	Council Member	January 2014
Paul Ryan	Council Member	January 2016
Jim Petersen	Council Member	January 2016
Peggy Sherrets	Council Member	January 2016
Steven H. Kendall	City Administrator/Clerk/	
(Retired 1/6/2013)	Treasurer	Indefinite
Jamie Letzring	City Administrator/Clerk/	
(Sworn in January 2013)	Treasurer	Indefinite
Barb Rigdon	Deputy City Clerk/	Indefinite
Ronald VanVeldhuizen	Attorney	Indefinite

James R. Ridihalgh, C.P.A.  
Gene L. Fuelling, C.P.A.  
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639  
Oelwein, IA 50662  
(319)283-1173  
Fax (319)283-2799

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oelwein, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oelwein as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

## **Basis of Accounting**

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U. S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oelwein's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eleven years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages I through VIII and 25 through 27 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2013 on our consideration of the City of Oelwein's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Oelwein's internal control over financial reporting and compliance.

December 2, 2013

**CITY OF OELWEIN**  
20 2<sup>nd</sup> Ave SW, Oelwein, IA 50662  
319-283-5440 Fax 319-283-4032

Larry Murphy, Mayor  
Rex Ericson, Mayor Pro Tem  
Peggy Sherrets, 1st Ward Council  
Kevin Stickel, 2<sup>nd</sup> Ward Council  
Jim Petersen, 3<sup>rd</sup> Ward Council  
Ben Weber, Council-At-Large  
Paul Ryan, Council At-Large

Jamie Letzring, City Administrator  
Barbara Rigdon, Deputy City Clerk  
Ron Van Veldhuizen, City Attorney  
Jeremy Logan, Police Chief  
Wally Rundle, Fire Chief  
Victor Kane, Utilities Superintendent  
Tom Stewart, Street Superintendent  
Susan Macken, Librarian  
Durango Steggall, Park Superintendent

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the City of Oelwein's financial performance provides an overview of the City's activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the City's financial statements that begin on page 5.

**FINANCIAL HIGHLIGHTS**

The City's total revenues exceeded total expenses by \$486,676 for the year, resulting in an increase in total net assets.

The City acting as the lead agency received a Homeland Security grant for the 15 county LEIN region to provide for equipment, salaries and expenses in law enforcement.

The City continued to administer a Neighborhood Stabilization grant in the amount of \$1,000,000 which was awarded to the city in 2008 for the purchase and redevelopment of foreclosed upon properties to be either demolished and either be rebuilt upon or vacant lots sold to area low-to-moderate income households. Construction of two new single family homes and a duplex took place during this period.

Cities are required by statute to contribute to employee retirement plans. The City of Oelwein Police and Fire personnel participate in the Municipal Fire and Police Retirement System of Iowa (MFPRSI). MFPRSI employees contribute 9.40% of earnable compensation. Employer contribution for this audit period was 26.12% of compensation. The employer rate for FY 13-14 will be 30.12% as State mandated enhanced pension benefits become effective. By comparison the City's rate was 17% in FY 09-10. In 2000 11.12% would have been sufficient to fully fund the MFPRSI.

Other regular City employees are members of Iowa Public Employees Retirement System (IPERS). The City's portion of IPERS was 8.67% for regular employees. IPERS employees contribute 5.78% of earnable compensation. These figures will increase on July 1, 2013 to 8.93% and 5.95%.



The City's General Fund ended the year with a fund balance of \$520,537. The recommended General Fund balance should be at least 25% of the General Fund budget. During this past fiscal year 25% of the General Fund budget was \$475,865. Therefore, the General Fund year end balance was adequate.

The City continued with construction to separate the water system into two pressure zones. The water main construction \$2,344,000 project will be completed this fall. The booster pumping station was finished in 2011 and the 8<sup>th</sup> Avenue SE Water Main Replacement was completed December, 2012. The City is funding this with a \$600,000 Community Development Block Grant and \$1,700,000 from the State Revolving Loan Fund.

The First Avenue Lift Station replacement and 3600' of force main and 1400' of gravity sanitary sewer project allows expansion in the Industrial Park and is nearing completion. \$605,000 in I-Jobs Funding has been pledged towards the \$1,502,881 cost. State Revolving Loan funds have been obligated for the balance.

The City entered into agreements with Quality Plus Mfg. to provide up to \$750,000 in 90% property tax rebate incentives over 10 years to locate in the Oelwein Industrial Park and create 30 jobs.

The City continues to improve its housing stock and encourage home ownership. A \$395,000 1<sup>st</sup> Time Homebuyers grant provided 10 new homeowners with down payment and rehab assistance. Oelwein will submit a second application in January 2014.

Other Grants for existing homeowners also exist. Fayette County Local Housing Trust provides \$50,880 through Iowa Finance Authority, \$20,000 through Northeast Iowa Charitable Foundation and \$15,000 match from the City of Oelwein. These funds are for rehabilitation and improvements. A \$390,000 Community Development Block Grant (CDBG) application will be submitted in December 2013 which provides 10 homeowners funding for rehabilitation to meet Iowa's minimum standards.

The \$500,000 Intermediary Relending Program Grant from USDA, in addition to the \$125,000 City contribution provides low interest funding for local business owners to do property improvements or expansion. The original loan proceeds are loaned out and \$200,000 revolving loan funds are now available. A second application has been approved for submittance.

## **USING THIS ANNUAL REPORT**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB Statement 34 was implemented in 2004 as a new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report.

## **Report Components**

This annual report consists of the following parts:

### **Financial Statements**

### **Notes to the Financial Statements**

### **Required Supplementary Information**

### **Other Supplementary Information**

## **Basis of Accounting**

The City of Oelwein has elected to present its financial statements on a cash basis of accounting. A cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's cash basis, revenues and expenses are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **Reporting the City's Financial Activities**

### *Government-wide Financial Statement*

The Statement of Activities and Net Assets reports information which help express whether the City is better off than one year ago. The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- 1 – Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- 2 – Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.



## *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Reconciliation between the government-wide statement and the fund financial statements follow the fund financial statements.

### **Government-Wide Financial Analysis**

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from \$3,629,180 to \$3,643,333. The analysis that follows focuses on the changes in cash balances for governmental activities.

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Changes in Cash Basis Net Assets of Governmental Activities  
(Expressed in Thousands)

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	Year ended June 30	
	2013	2012
Receipts and transfers		
Program receipts		
Charge for service	98	123
Operating grants and contributions	1,178	1,102
Capital grants and contributions	145	961
General receipts		
Property tax	2,746	2,088
Local option sales tax	513	981
Tax Increment taxes	34	101
Investment Earnings	500	237
Other general receipts	<u>644</u>	<u>583</u>
Total Receipts	5,838	6,176
Other Revenue Sources	<u>(3)</u>	<u>2,853</u>
Total receipts and transfers	5,835	9,029
Disbursements:		
Public safety	1,990	1,736
Public works	753	846
Health and social services	41	40
Culture and recreation	766	832
Community and economic development	869	1,044
General government	342	363
Debt service	601	3,163
Capital projects	456	861
Enterprise	<u>3</u>	<u>0</u>
Total disbursements	5,821	8,885
Increase (decrease) in cash basis net assets	14	144
Cash basis net assets beginning of year	<u>3,629</u>	<u>3,485</u>
Cash basis net assets end of year	<u>3,643</u>	<u>3,629</u>

Because the City is at the maximum General Fund rate allowed (8.10) employee benefits are paid from the Trust and Agency levy. The Trust and Agency expenses increased from \$704,747 in fiscal year 2010 to \$781,316 in fiscal year 2011, \$840,320 in fiscal year 2012, and \$922,334 in fiscal year 2013.

The cost of all governmental activities this year was \$5,821,461 compared to \$8,885,022 last year. However, as shown in the Statement of Activities and Net Assets on pages 5 and 6, the amount taxpayers ultimately financed for these activities was approximately \$3,968,894. (Again, prior year figures are temporarily inflated due to refinancing 2.9 million from the 2005 G.O. Bond.) This was possible because some of the cost was paid by those directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest totaling approximately \$1,852,567. Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, decreased in 2013 to \$5,838,261 from \$6,176,408 in 2012.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)			
		Year ended June 30,	
Receipts		2013	2012
	Program receipts		
	Charges for services:		
	Water	1,216	1,224
	Sewer	1,701	1,894
	Landfill	213	216
	Recycling	79	80
	Williams Center	86	99
	Fuel Fund	152	136
	General receipts:		
	Unrestricted interest on investments	12	11
	Bond proceeds	755	347
	Other general receipts	<u>35</u>	<u>30</u>
	Total receipts	4,249	4,037
Disbursements			
	Water	707	692
	Sewer	578	596
	Landfill	211	220
	Recycling	79	82
	Fuel fund	138	141
	Wellness Center	168	171
	Capital Projects	1,100	886
	Debt Service	798	749
	Transfers	<u>(2)</u>	<u>3</u>
	Total disbursements and transfers	3,777	3,540
	Increase (decrease) in cash balance	472	497
	Cash basis net assets beginning of year	<u>1,406</u>	<u>909</u>
	Cash basis net assets end of year	<u>1,878</u>	<u>1,406</u>

Total business type activities receipts for the fiscal year were \$4,249,000 compared to \$4,037,000 last year. Total disbursements and transfers for the fiscal year increased by \$237,000.

## Individual Major Governmental Fund Analysis

- As Oelwein completed the year, its governmental funds reported a combined balance of \$3,643,333, an increase of \$14,153 from last year's total of \$3,629,180. The following are the major reasons for the changes in fund balances of the major funds from the prior year.
- The General Fund cash balance increased by \$265,746 from the prior year to \$520,538.
- The Debt Service Fund cash balance increased by \$9,534 to \$218,286 during the fiscal year.

## Individual Major Business Type Fund Analysis

- The Water Fund cash balance increased by \$120,801 to \$669,646.
- The Sewer Fund cash balance increased by \$136,786 to \$636,326.

## Budgetary Highlights

The City amended its budget in May. This was necessary because of additional disbursements and receipts in certain City departments. The City had sufficient cash balances and grant funds to absorb these additional costs.

## Debt Administration

At June 30, 2013 the City had approximately \$3,840,000 in general obligation bond debt. \$8,780,000 in other long-term debt, for a total of \$12,620,000.

	Outstanding Debt at Year End (Expressed in Thousands)	
	June 30, 2013	2012
General obligation bonds	\$ 3,840	4,330
Urban renewal tax increment financing revenue bonds	0	0
Total	\$ 3,840	4,330
Sewer Revenue Notes	7,114	6,794
CEBA Loan Agreement	0	0
Economic Development Loan	0	18
Library Pledge Loan	0	0
Intermediary Relending Program	467	484
Water Revenue Notes	1,199	1,252
Total	\$ 12,620	12,878

Debt decreased during the 2012 fiscal year. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$3,840,000 is below its constitutional debt limit of \$10,376,592.



## **Economic Factors and Next Year's Budget and Rates**

The City Council considered many factors when setting the fiscal year 2013 budget, tax rates and fees that will be charged for various City activities.

The City Council is reviewing the necessary replacement of several end-of-life vehicles and equipment pieces for the 2013-2014 fiscal year.

The City will continue construction on major water and sewer system upgrades during the next fiscal year. This is the second year of a four process installing water meters with radio read capabilities.

The city's current utility billing, payroll and accounting software is outdated and no longer being supported. A new software package and server purchase is inevitable.

## **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jamie Letzring, City Treasurer, 20 Second Avenue SW, Oelwein, Iowa.

## Basic Financial Statements

City of Oelwein

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2013

Functions / Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental activities:</b>				
Public safety	\$ 1,990,234	60,960	415,357	1,162
Public works	753,365	56,793	621,156	275,274
Health and social services	41,012	-	-	-
Culture and recreation	765,827	320,855	14,584	-
Community and economic development	868,849	-	-	86,426
General government	342,097	-	-	-
Debt service	601,358	-	-	-
Capital projects	458,719	-	-	-
<b>Total governmental activities</b>	<b>5,821,461</b>	<b>438,608</b>	<b>1,051,097</b>	<b>362,862</b>
<b>Business type activities:</b>				
Water	678,596	1,001,655	-	-
Sewer	578,015	1,468,263	-	-
Sewer Bond Sinking	662,271	-	-	-
1st Ave Lift Station	787,355	-	-	232,968
Nonmajor business type funds	1,073,458	605,267	-	174,762
<b>Total business type activities</b>	<b>3,779,695</b>	<b>3,075,185</b>	<b>-</b>	<b>407,730</b>
<b>Total</b>	<b>\$ 9,601,156</b>	<b>3,513,793</b>	<b>1,051,097</b>	<b>770,592</b>

**General Receipts:**

Property tax levied for:  
 General purposes  
 Debt service  
 Tax increment financing  
 Special assessments  
 Local option sales tax  
 Hotel/Motel Tax  
 Gas-Electric Franchise  
 Unrestricted interest  
 Miscellaneous  
 SRF Debt Proceeds  
 Rents  
 Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net assets end of year

**Cash Basis Net Position**

Restricted:

Nonexpendable:

Cemetery Perpetual Care

Expendable:

Streets

Debt Service

Other Purposes

Unrestricted

**Total cash basis net position**

See notes to financial statements

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Position

Governmental Activities	Business Type Activities	Total
(1,512,755)	-	(1,512,755)
199,858	-	199,858
(41,012)	-	(41,012)
(430,388)	-	(430,388)
(782,423)	-	(782,423)
(342,097)	-	(342,097)
(601,358)	-	(601,358)
(458,719)	-	(458,719)
(3,968,894)	-	(3,968,894)
-	323,059	323,059
-	890,248	890,248
-	(662,271)	(662,271)
-	(554,387)	(554,387)
-	(293,429)	(293,429)
-	(296,780)	(296,780)
(3,968,894)	(296,780)	(4,265,674)
\$ 1,963,262	-	1,963,262
262,389	-	262,389
92,163	-	92,163
78,338	-	78,338
475,734	-	475,734
37,696	-	37,696
461,675	-	461,675
19,395	11,900	31,295
335,345	-	335,345
-	754,756	754,756
259,698	-	259,698
(2,647)	2,647	-
3,983,048	769,303	4,752,351
14,154	472,523	486,677
3,629,180	1,405,562	5,034,742
\$ 3,643,334	1,878,085	5,521,419
\$ 271,018	-	271,018
139,350	-	139,350
231,096	-	231,096
2,481,348	-	2,481,348
520,521	1,878,085	2,398,606
\$ 3,643,333	1,878,085	5,521,418



City of Oelwein

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2013

	General	#48-Gas Franchise	#63-Debt Service
<b>Receipts:</b>			
Property tax	\$ 1,007,413	-	262,390
Tax increment financing collections	-	-	-
Other city tax	-	461,675	-
Licenses and permits	86,826	-	-
Use of money and property	79,271	3,792	1,553
Intergovernmental	80,424	-	-
Charges for service	147,190	-	-
Special assessments	-	-	-
Miscellaneous	95,035	-	-
<b>Total receipts</b>	<b>1,496,159</b>	<b>465,467</b>	<b>263,943</b>
<b>Disbursements:</b>			
Operating:			
Public safety	996,347	-	-
Public works	71,530	-	-
Health and social services	-	-	-
Culture and recreation	621,089	-	-
Community and economic development	-	100,169	-
General government	269,499	-	-
Debt service	-	-	601,358
Capital projects	984	-	-
Enterprise	-	-	-
<b>Total disbursements</b>	<b>1,959,449</b>	<b>100,169</b>	<b>601,358</b>
<b>Excess of receipts over disbursements</b>	<b>(463,290)</b>	<b>365,298</b>	<b>(337,415)</b>
<b>Other financing sources (uses):</b>			
Operating transfers in	729,019	-	346,949
Operating transfers out	-	(443,335)	-
<b>Total other financing sources (uses)</b>	<b>729,019</b>	<b>(443,335)</b>	<b>346,949</b>
<b>Net change in cash balances</b>	<b>265,729</b>	<b>(78,037)</b>	<b>9,534</b>
<b>Cash balances beginning of year</b>	<b>254,792</b>	<b>533,704</b>	<b>208,752</b>
<b>Cash balances end of year</b>	<b>\$ 520,521</b>	<b>455,667</b>	<b>218,286</b>
<b>Cash Basis Fund Balances</b>			
Nonspendable-Cemetery Perpetual Care	-	-	-
Restricted For:			
Debt service	-	-	218,286
Other Purposes	-	455,667	-
Streets	-	-	-
Unassigned	520,521	-	-
<b>Total cash basis fund balances</b>	<b>\$ 520,521</b>	<b>455,667</b>	<b>218,286</b>

See notes to financial statements

Special Revenue			Capital Projects	Nonmajor	Total
#64-Employee Benefits	#66-Road Use Tax	#74-Library Bequests	#75-Economic Development	Governmental Funds	
922,334	-	-	-	33,514	2,225,651
-	-	-	-	92,163	92,163
-	-	-	-	513,430	975,105
-	-	-	-	-	86,826
1,215	-	4,543	187,071	5,598	283,043
-	616,316	-	-	845,466	1,542,206
-	-	-	-	-	147,190
-	-	-	-	78,338	78,338
5,943	-	9,220	239,281	58,260	407,739
929,492	616,316	13,763	426,352	1,626,769	5,838,261
578,129	-	-	-	415,677	1,990,153
168,620	513,215	-	-	-	753,365
-	-	-	-	41,012	41,012
110,692	-	12,958	-	21,088	765,827
2,507	-	-	568,846	197,327	868,849
72,729	-	-	-	-	342,228
-	-	-	-	-	601,358
-	-	-	-	454,856	455,840
81	-	-	-	2,748	2,829
932,758	513,215	12,958	568,846	1,132,708	5,821,461
(3,266)	103,101	805	(142,494)	494,061	16,800
115	-	-	333,834	10,765	1,420,682
-	(65,620)	-	(82,812)	(831,562)	(1,423,329)
115	(65,620)	-	251,022	(820,797)	(2,647)
(3,151)	37,481	805	108,528	(326,736)	14,153
249,529	101,869	412,755	669,451	1,198,328	3,629,180
246,378	139,350	413,560	777,979	871,592	3,643,333
-	-	-	-	271,018	271,018
-	-	-	-	12,810	231,096
246,378	-	413,560	777,979	587,764	2,481,348
-	139,350	-	-	-	139,350
-	-	-	-	-	520,521
246,378	139,350	413,560	777,979	871,592	3,643,333

## City of Oelwein

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Cash Basis Statement of Activities and Net Position -  
Governmental Funds

As of and for the year ended June 30, 2013

Total governmental funds cash balances (page 8) \$ 3,643,333

The city does not have an internal service fund.  
Therefore there are no reconciling items.

-

Cash basis net position of governmental  
activities (page 8)

\$ 3,643,333

Net change in cash balances (page 8)

\$ 14,153

The city does not have an internal service fund.  
Therefore there are no reconciling items.

-

Change in cash basis net position of governmental  
activities (page 8)

\$ 14,153

See notes to financial statements

## City of Oelwein

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2013

	Enterprise Funds					Total
	#61 Water	#67 Sewer	#90 Sewer Bond Sinking	#95 1st Ave Lift Station	Nonmajor	
Operating receipts:						
Intergovernmental	\$ -	-	-	232,968	214,375	447,343
Charges for service	939,049	1,446,876	-	-	518,410	2,904,335
Miscellaneous	62,606	21,387	-	-	47,244	131,237
Total operating receipts	1,001,655	1,468,263	-	232,968	780,029	3,482,915
Operating disbursements:						
Business type activities	678,596	578,015	662,271	787,355	1,073,458	3,779,695
Culture & Recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total operating disbursements	678,596	578,015	662,271	787,355	1,073,458	3,779,695
Excess (deficiency) of operating receipts over (under) operating disbursements	323,059	890,248	(662,271)	(554,387)	(293,429)	(296,780)
Non-operating receipts (disbursements):						
SRF Loan Proceeds	-	-	-	754,756	-	754,756
Interest on Investments	3,542	3,338	2,993	-	2,027	11,900
Total non-operating receipts (disbursements)	3,542	3,338	2,993	754,756	2,027	766,656
Excess (deficiency) of receipts over (under)disbursements	326,601	893,586	(659,278)	200,369	(291,402)	469,876
Operating transfers in	-	-	736,800	-	228,447	965,247
Operating transfers out	(205,800)	(756,800)	-	-	-	(962,600)
Net transfers	(205,800)	(756,800)	736,800	-	228,447	2,647
Net change in cash balances	120,801	136,786	77,522	200,369	(62,955)	472,523
Cash balances beginning of year	548,845	499,540	281,427	(163,225)	238,975	1,405,562
Cash balances end of year	\$ 669,646	636,326	358,949	37,144	176,020	1,878,085
Cash Basis Fund Balances						
Assigned for Williams Reserve	\$ -	-	-	-	12,500	12,500
Unrestricted	669,646	636,326	358,949	37,144	163,520	1,865,585
Total cash basis fund balances	\$ 669,646	636,326	358,949	37,144	176,020	1,878,085

See notes to financial statements



SCHEDULE E

City of Oelwein

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Cash Basis Statement of Activities and Net Position -  
Proprietary Funds

As of and for the year ended June 30, 2013

Total enterprise funds cash balances (page 10)	\$ 1,878,085
--	--------------

The city does not have an internal service fund.  
Therefore there are no reconciling items.

-

Cash basis net position of business type activities (page 6)
---

\$ 1,878,085

Net change in cash balances (page 10)
---------------------------------------

\$ 472,523

The city does not have an internal service fund.  
Therefore there are no reconciling items.

-

Change in cash basis net position of business type activities (page 6)
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\$ 472,523

See notes to financial statements

# CITY OF OELWEIN

## Notes to Financial Statements

June 30, 2013

### 1. Summary of Significant Accounting Policies

The City of Oelwein is a political subdivision of the State of Iowa located in Fayette County. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

#### A. Reporting Entity

For financial reporting purposes, the City of Oelwein has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

#### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Fayette County's Assessor's Conference Board; Fayette County Homeland Security/Emergency Management Commission; Fayette County Compensation Board; Fayette County E911; the Fayette County Local Emergency Planning Committee; Fayette County Solid Waste Management Commission, Bremer County/City of Oelwein Law Enforcement Mutual Aid, Upper Explorerland Regional Planning Commission, Fayette County Firemen's Association, Buchanan County Firemen's Association, Iowa Firemen's Association, Iowa Fire Chief's Association, Iowa Arson Investigators Association, International Fire Chief's Association, Oelwein Chamber and Area Development, Northeast Iowa City Managers, Northeast Iowa Regional League, Iowa League of Cities, Iowa City Management Association, Iowa Water Pollution Control Association, Northeast Iowa Clerks Association, Iowa Municipal Finance Officers Association, Fayette County Library



CITY OF OELWEIN

Notes to Financial Statements

June 30, 2013

Jointly Governed Organizations (continued)

Association, American Public Works Association, Iowa Police Chiefs Association; Peace Officers Association; International Association of Chiefs of Police (IACP); Iowa Crime Prevention Association; Governors Inoperability Board; Iowa Association of Municipal Utilities (IAMU); Iowa Rural Water Association; Iowa Municipal Workers Compensation Association (IMWCA); Trees Forever; National Arbor Day Foundation; Iowa Concrete Association; Iowa Asphalt Association, National Swimming Pool Association, Law Enforcement Intelligence Network, Upper Explorerland Regional Planning Commission (UERPC), International City Management Association (ICMA), and Midwest Organized Crime Information Center (MOCIC).

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Position presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

*Expendable restricted net position* result when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position often have constraints on cash balances imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments

CITY OF OELWEIN

Notes to Financial Statements

June 30, 2013

B. Basis of Presentation (continued)

restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements — Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Gas Franchise Fund is used to account for receipt and disbursements of Gas Franchise fees.

Debt Service Fund is used to account for receipt of property tax and other receipts used for the payment of interest and principal on the City's general obligation debt.

The Employee Benefits Fund is used to account for receipt of property tax allocated for employee benefits.

The Road Use Tax Funds is used to account for receipt and disbursements of Road Use Tax Funds from the State of Iowa.

The Library Bequest Fund is used to account for receipts and disbursements of funds bequested to the Library.

Capital Projects:

The Economic Development Fund is used to account for Community and Economic Development projects.



CITY OF OELWEIN

Notes to Financial Statements

June 30, 2013

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The 1<sup>st</sup> Ave. Lift Station Fund is used to account for improvements of the 1<sup>st</sup> Ave. Lift Station.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Sewer Bond Sinking Fund is used to account for payments on the sewer bond debt.

C. Measurement Focus and Basis of Accounting

The City of Oelwein maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

CITY OF OELWEIN

Notes to Financial Statements

June 30, 2013

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable-Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted-Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state, or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned-Amounts the Council intends to use for specific purposes.

Unassigned-All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013 disbursements did not exceed the amounts budgeted.

2. Cash and Pooled Investments

The City's deposits at June 30, 2013, were entirely covered by Federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

Interest rate risk-The City's investment policy limits the investment of operating funds (funds expected to be expended in the current year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

The City had no investments at June 30, 2013.



## CITY OF OELWEIN

## Notes to Financial Statement

June 30, 2013

3. Bonded Indebtedness

Annual debt service requirements to maturity for general obligation and urban renewal tax increment financing revenue bonded indebtedness are as follows:

Year Ending June 30,	General Obligation Notes & Bonds		Revenue Bond		Totals	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	425,000	99,265	544,000	252,700	969,000	351,965
2015	435,000	89,533	559,000	236,798	994,000	326,331
2016	445,000	80,083	576,000	220,503	1,021,000	300,586
2017	460,000	229,085	593,000	203,710	1,053,000	432,795
2018	470,000	162,202	611,000	186,420	1,081,000	348,622
2019-2023	1,605,000	103,359	3,338,000	653,860	4,943,000	757,219
2024-2032	-	-	<u>2,091,668</u>	<u>165,439</u>	<u>2,091,669</u>	<u>165,439</u>
Tot.	<u>\$3,840,000</u>	<u>763,527</u>	<u>8,312,668</u>	<u>1,919,430</u>	<u>12,152,668</u>	<u>2,682,957</u>

In May, 2009, the City issued \$1,190,000 in General Obligation corporate Purpose bonds, Series 2009 for the purpose of "...constructing street, streetscape, sanitary sewer, airport and park improvements, acquiring equipment for the police, parks and general municipal departments..." and for "...paying the cost, to the extent, of constructing an addition to the police department building and improvements at the municipal swimming pool...". The loan matures on June 1 of each year, starting June 1, 2010. Interest is payable December 1, 2009 and semiannually thereafter on the first day of June and December of each year. Principal is payable June 1, 2010 and annually thereafter on the first day of June each year; except for June 1, 2012, which Resolution No. 4562 states "Principal of the Bond maturing on June 1, 2013, is subject to mandatory redemption (by lot, as selected by Registrar) on June 1 in each of the years 2012 and 2013..." and June 1, 2014, which Resolution No. 4562 states "Principal of the Bond maturing on June 1, 2015, is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years 2014 and 2015...". Interest rates are from 1.25% to 4.0%. City has reserved the right to prepay part or all of the Bonds maturing in each of the years 2016 to 2021. The balance at June 30, 2013 was \$1,030,000.

In April 15, 2010 the City issued \$620,000 in General Obligation corporate purpose and refunding bonds, Series 2010A for the purpose of "...paying the costs, to that extent, of acquiring equipment for the police department and cemetery and refunding the outstanding balance of the City's General Obligation Corporate Purpose and Refunding Notes, dated June 1, 2003." The loan matures on June 1 in each of the years commencing December 1, 2010.

CITY OF OELWEIN

Notes to Financial Statement

June 30, 2013

Interest is payable December 1, 2010 and semiannually thereafter on the first day of June and December of each year. Principal is payable annually each June 1 beginning June 1, 2013. Last payment to be June 1, 2015. Bonds are not subject to redemption prior to maturity. The balance at June 30, 2013 was \$245,000.

On September 1, 2011, the City issued \$2,885,000 in General Obligation Corporate Purpose and Refunding Bond, Series 2011A, for the purpose of paying the cost, to that extent, of acquiring equipment for the police, street, public works and municipal water works departments and advance refunding the City's General Obligation Corporate Purpose and Refunding Bonds, Series 2005A. The loan matures June 1 of each year starting June 1, 2013. Interest is payable June 1, 2013, and every June 1, and December 1, of each year thereafter. Principal is payable June 1, 2013 and annually on June 1, thereafter. The City has the right to prepay part or all of the Bonds maturing in each of the years 2019 to 2022, inclusive, prior to and in any order of maturity, on June 1, 2018, or on any date thereafter upon terms of par and accrued interest. Balance at June 30, 2013 was \$2,565,000.

Revenue Note:

In order to establish a Municipal Sanitary Sewer System, the City has entered into a Loan and disbursement Agreement with Iowa Finance Authority not to exceed \$8,954,000. The city has established a Sewer Revenue Bond Sinking Fund, from which is paid the principal and interest on this debt. The Bonds are not general obligations of the City, and thus not payable in any manner by taxation. The Bonds are subject to optional redemption by the City at a price of par plus accrued interest on any interest payment date after the ten year anniversary of the Agreement. Any optional redemption may be made from any funds regardless of source. The balance on this debt at June 30, 2013 was \$6,396,000.

In order to make improvements to the water distribution system in order to comply with IDRN recommendations has entered into a Loan and disbursement Agreement with Iowa Finance Authority not to exceed \$1,700,000 at a rate of 3%. Sewer Revenue Bonds will be issued. The Bonds are not general obligations of the City, and thus not payable in any manner by taxation. The Bond are payable solely and only out of the future Net Revenues of the Utility of the City. The Bonds are subject to optional redemption by the City at a price of par plus accrued interest on any date with the prior written consent of the Iowa Finance Authority. Any optional redemption may be made from any funds regardless of source. Interest is due December 1 and June 1 of each year commencing December 1, 2010. Principal is to be paid annually and is scheduled to commence June 1, 2013. The balance on this debt at June 30, 2013 was \$1,198,913.

In order to make improvements to the water distribution system to comply with IDRN recommendations has entered into a Loan and disbursement Agreement with Iowa Finance Authority not to exceed \$900,000 at a rate of



CITY OF OELWEIN

Notes to Financial Statement

June 30, 2013

2%. Sewer Revenue Bonds will be issued. The Bonds are not general obligations of the City, and thus not payable in any manner by taxation. The Bonds are payable solely and only out of the future Net Revenues of the Utility of the City. The Bonds are subject to optional redemption by the City at a price of par plus accrued interest on any date with the prior written consent of the Iowa Finance Authority. Any optional redemption may be made from any funds regardless of source. Interest is due December 1 and June 1 of each year commencing December 1, 2012. Principal is to be paid annually and is scheduled to commence June 1, 2013. The balance on this debt at June 30, 2013 was \$717,756

4. Other Notes Payable

There is a line of credit for \$600,000 originally with Fidelity Bank of Oelwein, Iowa and subsequently half of this note was sold to Community Bank of Oelwein, Iowa. Original date, January 9, 2004. Interest rate is Wall Street Journal Prime minus .50%. Interest rate at June 30, 2013 was 5.25%. Due date is January 10, 2013. Purpose of the note was for the maintenance of the Donaldson Building. Note is secured by this building. Note was paid off during year.

5. U.S.D.A Promissory Note

There is a promissory note with the USDA for \$500,000. The City is to pay interest only on this note April 25<sup>th</sup> of the years 2009, 2010 and 2013. Commencing April 25, 2013 and thereafter on each April 25<sup>th</sup> the City is to pay principal and interest in an amount to fully amortize the loan in 30 years from the date of the note. Prepayments on the promissory note may be made. During the year ended the City paid \$4,963 in interest on the note to USDA. Balance of note on June 30, 2013 was \$467,515.

6. Pension and Retirement Benefits

Municipal Fire and Police Retirement System of Iowa - The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits, which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, 26.12%, of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2013, 2012 and 2011 were \$151,744,

CITY OF OELWEIN

Notes to Financial Statement

June 30, 2013

\$152,225, and \$117,159, respectively, which met the required minimum contribution for each year.

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual salary and the City is required to contribute 8.67% of covered salary certain employees in special risk occupations contribute an actuarially determined contribution rate. Contributions requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$114,087, \$99,359, and \$85,642, respectively, equal to the required contributions for each year.

International City Management Association - The City contributes to the International City Management Association Retirement Corporation (ICMA-RC) on behalf of its City Administrator. ICMA-RC is a 457 deferred compensation plan. The City contributes the IPERS rate plus three percent. The City's contributions to ICMA-RC for the years ended June 30, 2013, 2012 and 2011 were \$15,231, \$15,447, and \$12,512 respectively.

7. Other Postemployment Benefits (OPEB)

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 38 active members in the plan. There were no retired members in the plan at June 30, 2013. Participants must be 55 or older at retirement. The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under the age of 65 may stay on plan and must compensate the City at the same premium for the medical/prescription drug benefits as active employees. The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$535 for single coverage and \$1,338 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2013, the City contributed \$483,017 and plan members eligible for benefits contributed \$42,153 to the plan.



CITY OF OELWEIN

Notes to Financial Statement

June 30, 2013

8. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate maximum liability for employee vacation hours is \$92,509. This liability has been computed based on rates of pay in effect at June 30, 2013.

Employees can accrue 12 hours sick leave per month. The police department can accumulate up to 1,040 hours of sick leave, the fire department can accumulate up to 990 hours and all other city employees can accumulate up to 1,008 hours of sick leave for subsequent use (known as the initial bank of sick leave). This initial bank of sick leave can only be used in the event of illness or injury and is not payable upon termination, retirement or death.

The City has agreed to contracts with three employees that if they reach their maximum for the initial bank of sick leave that employee earns sick leave hours known as the "Secondary Bank" of sick leave. This "Secondary Bank" of sick leave shall be paid only upon retirement from the City in the form of health insurance. Forty banked days would buy eight weeks of health insurance, sixty banked days would buy twelve weeks of health insurance, one hundred banked days would buy twenty weeks of health insurance and one hundred thirty banked days would buy twenty-six weeks of health insurance. These accumulations are not recognized as expenditures by the City, until used or paid.

9. Related Party Transactions

No business between the City and City officials was noted for the year ended June 30, 2013.

10. Landfill Contract

The City has contracted with Fayette County Solid Waste Management Commission for solid waste disposal for all household residences within the City. For the year ended June 30, 2013, \$261,816 was paid pursuant to the agreement.

11. Deficit Fund Balances

Capital Project Funds — Airport Grant, Trails-Platts, Neighborhood Stabilization and Iowa Brownsfield, and Proprietary Fund- Water Improvement had deficit balances at June 30, 2013, which the City considers temporary in nature. The City also had a deficit in the Capital Project Fund-Library Bond Fund which may need to be satisfied by a transfer of funds.

## CITY OF OELWEIN

## Notes to Financial Statement

June 30, 2013

12. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfers to General	Transfers from Business Type:	Amount
	Water	\$20,000
	Sewer	20,000
	Special Revenue:	
	Local Option Tax	143,072
	Gas/Elec Franchise	345,000
	Police Dept. Remodel	122,335
	Industrial Park TIF	406
	Emergency	33,514
	James Dev TIF	5,844
	Road Use Tax	20,000
	Hotel/Motel Tax	<u>18,848</u>
		<u>729,019</u>
Special Revenue:	Special Revenue:	
1 <sup>st</sup> Time Home Buyer	Gas/Electric Franchise	10,000
Trust & Agency	Lein	<u>115</u>
		<u>10,115</u>
Capital Projects:	Special Revenue:	
Economic Development	Sales Tax	333,834
Downtown Street Scape	Economic Development	<u>765</u>
		<u>334,598</u>
Debt Service:	Debt Service:	
Debt Service	Special Assessments	78,338
	Special Revenue:	
	Road Use Tax	45,620
	Downtown TIF	16,021
	Property Tax Relief	79,235
	Gas/Elec Franchise	88,335
	Business Type:	
	Water	<u>39,400</u>
		<u>346,949</u>
Business Type:		
Sewer Bond Sinking	Enterprise:	
	Sewer	736,800
Water Bonds Sinking	Water	146,400
Williams Center	Capital Projects:	
	Economic Development	78,869
Williams Ctr Reserve	Economic Development	<u>3,178</u>
		<u>965,247</u>
Total Interfund Transfers		<u>\$2,385,928</u>



CITY OF OELWEIN

Notes to Financial Statement

June 30, 2013

13. Risk Management

The City of Oelwein is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

14. Intermediary Relending Program Loan Agreement (IRP)

In April 2008, the City entered into a loan agreement with the United States Department of Agriculture (U.S.D.A.) for \$500,000 at 1% on the funds as they are dispersed. The loan is a thirty year loan starting April 25, 2008. In order to receive this loan the City had to commit 25% of the loan (\$125,000) to the I.R.P. The I.R.P. is to be used for any project which will create permanent employment diversification of the local economy or increase to the local tax base of the City of Oelwein. The City had twelve loans totaling \$400,149 under this program as of June 30, 2013.

15. Litigation

The City has been notified of a pending lawsuit by a sub-contractor, but liability is limited to term of the contract. To date no lawsuit has been filed.

The City has been notified of a claim for reimbursement for out-of-pocket expenses for repairs to the water service. Damages asserted are less than \$5,000.

The City has also been notified of an additional claim which the city has challenged timeliness and has asserted governmental immunity and lack of any actionable duty owed.

16. Subsequent Events

No subsequent events were noted that we believe needed to be noted. Subsequent events were considered by the City through December 2, 2013.

## OTHER INFORMATION

City of Oelwein  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements and Changes in Balances-  
 Budget and Actual (Cash Basis) -  
 All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 2,225,651	-
Tax increment financing collections	92,163	-
Other city tax	975,105	-
Licenses and permits	86,826	-
Use of money and property	283,043	-
Intergovernmental	1,542,206	447,343
Charges for services	147,190	2,904,335
Special assessments	78,338	-
Miscellaneous	407,739	131,237
Total Receipts	<u>5,838,261</u>	<u>3,482,915</u>
Disbursements:		
Public Safety	1,990,153	-
Public Works	753,365	-
Health and Social Services	41,012	-
Culture and Recreation	765,827	-
Community and Economic Development	868,849	-
General Government	342,228	-
Debt Service	601,358	-
Capital Projects	455,840	-
Business type activities	2,829	3,779,695
Total Disbursements	<u>5,821,461</u>	<u>3,779,695</u>
Excess (deficiency) of receipts over (under) disbursements	16,800	(296,780)
Other financing sources (uses):	<u>(2,647)</u>	<u>769,303</u>
Net	14,153	472,523
Balance, beginning of year	<u>3,629,180</u>	<u>1,405,562</u>
Balance, end of year	<u><u>\$ 3,643,333</u></u>	<u><u>1,878,085</u></u>

See accompanying independent auditor's report

Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Net Variance
		Original	Final	
-	2,225,651	2,168,584	2,168,584	57,067
-	92,163	77,688	77,688	14,475
-	975,105	1,020,739	1,072,414	(97,309)
-	86,826	102,120	102,120	(15,294)
-	283,043	252,666	273,566	9,477
-	1,989,549	2,056,305	2,372,603	(383,054)
-	3,051,525	3,250,405	3,250,405	(198,880)
-	78,338	62,930	77,230	1,108
-	538,976	204,895	418,134	120,842
-	9,321,176	9,196,332	9,812,744	(491,568)
-	1,990,153	1,889,305	1,994,665	4,512
-	753,365	835,085	852,502	99,137
-	41,012	40,000	45,000	3,988
-	765,827	871,185	875,718	109,891
-	868,849	1,259,703	1,434,353	565,504
-	342,228	409,020	490,820	148,592
-	601,358	601,608	601,608	250
-	455,840	1,519,670	1,727,367	1,271,527
-	3,782,524	3,821,417	4,391,417	608,893
-	9,601,156	11,246,993	12,413,450	2,812,294
-	(279,980)	(2,050,661)	(2,600,706)	2,320,726
-	766,656	912,000	912,000	(145,344)
-	486,676	(1,138,661)	(1,688,706)	2,175,382
-	5,034,742	3,778,538	3,778,538	1,256,204
-	5,521,418	2,639,877	2,089,832	3,431,586



City of Oelwein

Notes to Other Information-Budgetary Reporting

June 30, 2013

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year the budget amendment increased budgeted revenues by \$616,412 and budgeted disbursements by \$1,166,457. The amended budget amounts are reflected in the final budgeted numbers.

## SUPPLEMENTARY INFORMATION

## City of Oelwein

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2013

	Special Revenue	Capital Projects	Debt Service #65 Special Assessments	Permanant Cemetary Perpetual Care	Total
<b>Receipts:</b>					
Property tax	\$ 91,949	-	-	-	91,949
TIF Collections	33,728	-	-	-	33,728
Other city tax	513,430	-	-	-	513,430
Use of money and property	4,052	217,888	308	-	222,248
Intergovernmental	484,248	142,272	-	-	626,520
Special assessments	-	-	78,338	-	78,338
Charges for services	-	-	-	-	-
Miscellaneous	53,332	2,296	-	4,928	60,556
<b>Total receipts</b>	<b>1,180,739</b>	<b>362,456</b>	<b>78,646</b>	<b>4,928</b>	<b>1,626,769</b>
<b>Disbursements:</b>					
Operating:					
Public safety	415,677	-	-	-	415,677
Public works	-	-	-	-	-
Health & Social Services	41,012	-	-	-	41,012
Culture and recreation	21,088	-	-	-	21,088
Community and economic devel.	93,272	104,055	-	-	197,327
General government	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	256	454,600	-	-	454,856
Enterprise	-	2,748	-	-	2,748
<b>Total disbursements</b>	<b>571,305</b>	<b>561,403</b>	<b>-</b>	<b>-</b>	<b>1,132,708</b>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>609,434</b>	<b>(198,947)</b>	<b>78,646</b>	<b>4,928</b>	<b>494,061</b>
<b>Other financing sources (uses):</b>					
Operating transfers in	10,000	765	-	-	10,765
Operating transfers out	(753,224)	-	(78,338)	-	(831,562)
<b>Net change in cash balances</b>	<b>(133,790)</b>	<b>(198,182)</b>	<b>308</b>	<b>4,928</b>	<b>(326,736)</b>
<b>Cash balances beginning of year</b>	<b>678,196</b>	<b>241,540</b>	<b>12,502</b>	<b>266,090</b>	<b>1,198,328</b>
<b>Cash balances end of year</b>	<b>\$ 544,406</b>	<b>43,358</b>	<b>12,810</b>	<b>271,018</b>	<b>871,592</b>
<b>Cash Basis Fund Balances</b>					
Nonspendable-Cemetary Perpetual Care	\$ -	-	-	271,018	271,018
Restricted for Debt Service	-	-	12,810	-	12,810
Restricted for Other Purposes	544,406	43,358	-	-	587,764
<b>Total cash basis fund balances</b>	<b>\$ 544,406</b>	<b>43,358</b>	<b>12,810</b>	<b>271,018</b>	<b>871,592</b>

See accompanying independent auditor's report



## City of Oelwein

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds-Special Revenue

As of and for the year ended June 30, 2013

	#40 Lib Bldg Repairs	#42 Sidewalk Repair	#47 Property Tax Relief	#50 Flex Spending	#51 Co Emer Mgmt	#52 1st Time Home Buyer	#53 Lein3-03	#54 Police Remodel
<b>Receipts:</b>								
Property tax	-	-	-	-	-	-	-	-
Tax increemnt financing	-	-	-	-	13,648	-	-	-
Other city tax	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	626
Intergovernmental	-	-	-	-	-	-	385,410	-
Charges for Services	-	-	-	-	-	-	-	-
Miscellaneous	-	5,234	-	41,010	-	-	-	-
<b>Total receipts</b>	-	5,234	-	41,010	13,648	-	385,410	626
<b>Disbursements:</b>								
Operating:								
Public safety	-	-	-	-	13,614	-	390,639	-
Public works	-	-	-	-	-	-	-	-
Health & Social Service	-	-	-	41,012	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community and economic development	-	10,856	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	133	-	123
Enterprise	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	-	10,856	-	41,012	13,614	133	390,639	123
<b>Excess (deficiency) of receipts over (under) disbursements</b>	-	(5,622)	-	(2)	34	(133)	(5,229)	503
<b>Other financing sources:</b>								
Operating transfers in	-	-	-	-	-	10,000	-	-
Operating transfers out	-	-	(79,235)	-	-	-	(115)	(122,336)
<b>Net change in cash balances</b>	-	(5,622)	(79,235)	(2)	34	9,867	(5,344)	(121,833)
<b>Cash balances beginning of year</b>	8,106	-	79,235	3,090	2,216	-	6,402	121,833
<b>Cash balances end of year</b>	8,106	(5,622)	-	3,088	2,250	9,867	1,058	-
<b>Cash Basis Fund Balances</b>								
Restricted for IRP	-	-	-	-	-	-	-	-
Restricted for Other Purposes	8,106	(5,622)	-	3,088	2,250	9,867	1,058	-
<b>Total cash basis fund balances</b>	8,106	(5,622)	-	3,088	2,250	9,867	1,058	-

See accompanying independent auditor's report

#54 Police Remodel	#55 IRP Revolving	#56 Downtown TIF	#57 Motel/ Hotel Tax	#58 DARE	#59 Sales Tax	#68 Municipal Trust	#92 Industrial Park TIF	#94 Emergency	#96 James Dev TIF	#99 Forfitted Assets	Total
-	-	-	-	-	-	-	-	33,514	-	-	33,514
-	-	16,021	-	-	-	-	4,059	-	58,435	-	92,163
-	-	-	37,696	-	475,734	-	-	-	-	-	513,430
626	520	-	104	-	1,172	1,630	-	-	-	-	4,052
-	98,838	-	-	-	-	-	-	-	-	-	484,248
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,250	-	-	-	-	-	5,838	53,332
626	99,358	16,021	37,800	1,250	476,906	1,630	4,059	33,514	58,435	5,838	1,180,739
-	-	-	-	2,660	-	-	-	-	-	8,764	415,677
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	41,012
-	-	-	21,088	-	-	-	-	-	-	-	21,088
-	26,171	-	-	-	-	-	3,653	-	52,592	-	93,272
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
123	-	-	-	-	-	-	-	-	-	-	256
-	-	-	-	-	-	-	-	-	-	-	-
123	26,171	-	21,088	2,660	-	-	3,653	-	52,592	8,764	571,305
503	73,187	16,021	16,712	(1,410)	476,906	1,630	406	33,514	5,843	(2,926)	609,434
-	-	-	-	-	-	-	-	-	-	-	10,000
(122,336)	-	(16,021)	(18,848)	-	(476,906)	-	(406)	(33,514)	(5,843)	-	(753,224)
(121,833)	73,187	-	(2,136)	(1,410)	-	1,630	-	-	-	(2,926)	(133,790)
121,833	128,537	-	12,019	8,975	-	297,324	-	-	-	10,459	678,196
-	201,724	-	9,883	7,565	-	298,954	-	-	-	7,533	544,406
-	201,724	-	-	-	-	-	-	-	-	-	201,724
-	-	-	9,883	7,565	-	298,954	-	-	-	7,533	342,682
-	201,724	-	9,883	7,565	-	298,954	-	-	-	7,533	544,406

City of Oelwein

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds-Capital Projects

As of and for the year ended June 30, 2013

	#73 Capital Equipment	#77 2011 Bond Sale	#78 W Charles Mall	#79 Airport Grants	#82 Downtown Betterment	#83 Tri-Park Trail Ext
Receipts:						
Tax increment financing	\$ -	-	-	-	-	-
Other city tax	-	-	-	-	-	-
Use of money and property	103	361	-	-	-	140
Intergovernmental	-	-	-	58,142	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total receipts	103	361	-	58,142	-	140
Disbursements:						
Operating:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	20,974	137,400	-	91,134	765	6,569
Enterprise	-	-	-	-	-	-
Total disbursements	20,974	137,400	-	91,134	765	6,569
Excess (deficiency) of receipts over (under) disbursements	(20,871)	(137,039)	-	(32,992)	(765)	(6,429)
Other financing sources (uses):						
Operating transfers in	-	-	-	-	765	-
Operating transfers out	-	-	-	-	-	-
Net change in cash balances	(20,871)	(137,039)	-	(32,992)	-	(6,429)
Cash balances beginning of year	29,073	144,729	2,475	(21,200)	-	31,821
Cash balances end of year	\$ 8,202	7,690	2,475	(54,192)	-	25,392
Cash Basis Fund Balances						
Restricted for:						
Capital projects	\$ 8,202	7,690	2,475	(54,192)	-	25,392

See accompanying independent auditor's report



SCHEDULE 3

#85 2009 Bond Sale	#86 Trails- Platts/Wings	#87 Pave 10th St SE	#88 Neighborhood Stabilization	#89 Library Bond	#91 Iowa Brownsfield	#93 Pave 7th St	Total
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
152	-	482	-	-	-	-	1,238
-	-	216,650	86,426	-	-	-	361,218
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
152	-	217,132	86,426	-	-	-	362,456
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	104,055	-	-	-	104,055
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,265	-	91,760	93,733	-	-	-	454,600
-	2,748	-	-	-	-	-	2,748
12,265	2,748	91,760	197,788	-	-	-	561,403
(12,113)	(2,748)	125,372	(111,362)	-	-	-	(198,947)
-	-	-	-	-	-	-	765
-	-	-	-	-	-	-	-
(12,113)	(2,748)	125,372	(111,362)	-	-	-	(198,182)
32,278	-	(5,131)	79,722	(14,928)	(50,105)	12,806	241,540
20,165	(2,748)	120,241	(31,640)	(14,928)	(50,105)	12,806	43,358
20,165	(2,748)	120,241	(31,640)	(14,928)	(50,105)	12,806	43,358

City of Oelwein

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2013

	#41 Water Bond Sinking	#62 Water Improvement	#70 Landfill
Receipts:			
Intergovernmental	\$ -	214,375	-
Charges for services	-	-	213,197
Miscellaneous	-	-	-
Total receipts	-	214,375	213,197
Disbursements:			
Operating:			
Enterprise	135,347	312,622	211,351
Debt Service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total disbursements	135,347	312,622	211,351
Excess (deficiency) of receipts over (under) disbursements	(135,347)	(98,247)	1,846
Other financing sources:			
Use of money and property	416	-	-
Operating transfers in	146,400	-	-
Operating transfers out	-	-	-
Net change in cash balances	11,469	(98,247)	1,846
Cash balances beginning of year	20,262	(42,410)	2,864
Cash balances end of year	\$ 31,731	(140,657)	4,710
Cash Basis Fund Balances			
Reserved	\$ -	-	-
Unreserved	31,731	(140,657)	4,710
Total cash basis fund balances	\$ 31,731	(140,657)	4,710

See accompanying independent auditor's report

#71 Recycling	#72 Williams Center	#76 Customer Dep. Water	#81 Sewer Main Const	#84 Fuel	#98 Williams Ctr Reserve	Total
-	-	-	-	-	-	214,375
79,093	80,653	-	-	145,467	-	518,410
-	5,581	35,475	-	6,188	-	47,244
79,093	86,234	35,475	-	151,655	-	780,029
78,775	165,254	28,704	-	138,415	2,990	1,073,458
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78,775	165,254	28,704	-	138,415	2,990	1,073,458
318	(79,020)	6,771	-	13,240	(2,990)	(293,429)
-	151	511	949	-	-	2,027
-	78,869	-	-	-	3,178	228,447
-	-	-	-	-	-	-
318	-	7,282	949	13,240	188	(62,955)
4,859	-	76,294	171,736	(6,942)	12,312	238,975
5,177	-	83,576	172,685	6,298	12,500	176,020
-	-	-	-	-	12,500	12,500
5,177	-	83,576	172,685	6,298	-	163,520
5,177	-	83,576	172,685	6,298	12,500	176,020



## CITY OF OELWEIN

STATEMENT OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2013

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation corporate purpose bonds, Series 2009	5-1-09	1.25-4.0%	\$ 1,190,000
General Obligation corporate purpose and refunding bonds, Series 2011A	9-1-2011	2.0-3.0%	2,885,000
General Obligation corporate purpose and refunding bonds, Series 2010A	4-15-2010	2.0-3.0%	620,000
General Obligation Debt			
Revenue notes:			
Sewer Revenue bonds, series 2012 State Revolving Funds (Fd # 90)	10-5-12	2.00%	900,000
Sewer revenue bonds, series 2005 State Revolving Funds (Fd # 90)	5-23-05	3.00%	8,954,000
Water revenue bonds, series 2010 State Revolving Funds (Fd # 41)	9-15-10	3.00%	1,700,000
U.S. Department of Agriculture Intermediary Relending Program (Fd # 55)	4-25-08	1.00%	500,000
			<u>Amount Available</u>
Revolving Line of Credit Half of note is with Fidelity Bank of Oelwein, Iowa and the other half is with Community Bank of Oelwein, Iowa-Note is for Donaldson Building (Fd # 75)	1-9-04	Variable 5.25% tied to Prime, Floor 5.25% Due 1/10/2013	600,000

see accompanying independent auditor's report

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
1,080,000	-	50,000	1,030,000	36,075	-
2,885,000	-	320,000	2,565,000	64,283	-
365,000	-	120,000	245,000	9,750	-
<u>\$ 4,330,000</u>	<u>-</u>	<u>490,000</u>	<u>3,840,000</u>	<u>110,108</u>	<u>-</u>
\$ -	754,756	37,000	717,756	6,654	-
6,794,000	-	398,000	6,396,000	203,944	-
1,252,400	39,513	93,000	1,198,913	38,097	-
<u>\$ 8,046,400</u>	<u>794,268</u>	<u>528,000</u>	<u>8,312,668</u>	<u>248,696</u>	<u>-</u>
\$ 483,737	-	16,222	467,515	4,963	-
\$ 18,115	-	18,115	-	288	-

## CITY OF OELWEIN

BOND MATURITIES AND NOTES  
June 30, 2013

General Obligation Corporate Purpose and Refunding Note			General Obligation Corporate Purpose Series 2009		General Obligation Corporate Purpose and Refunding	
Issued September 1, 2011			Issued May 1, 2009		Issued April 15, 2010	
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2014	2.00%	170,000	-	-	3.00%	200,000
2015	2.00%	330,000	2.50%	115,000	3.00%	45,000
2016	2.00%	305,000	3.00%	140,000		
2017	2.00%	315,000	3.20%	145,000		
2018	2.05%	320,000	3.40%	150,000		
2019	2.30%	330,000	3.60%	155,000		
2020	2.55%	340,000	3.80%	160,000		
2021	2.75%	355,000	4.00%	165,000		
2022	2.90%	100,000				
		<u>\$ 2,565,000</u>		<u>1,030,000</u>		<u>245,000</u>
Revenue Note Sewer Revenue Bond			Revenue Note Water Revenue Bond		Revenue Note Sewer Revenue Bond	
Issued May 23, 2005			Issued September 15, 2010		Issued October 26, 2012	
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2014	3.00%	410,000	3.00%	96,000	1.75%	38,000
2015	3.00%	422,000	3.00%	99,000	1.75%	38,000
2016	3.00%	435,000	3.00%	102,000	1.75%	39,000
2017	3.00%	448,000	3.00%	105,000	1.75%	40,000
2018	3.00%	461,000	3.00%	109,000	1.75%	41,000
2019	3.00%	475,000	3.00%	112,000	1.75%	42,000
2020	3.00%	490,000	3.00%	116,000	1.75%	43,000
2021	3.00%	504,000	3.00%	120,000	1.75%	43,000
2022	3.00%	519,000	3.00%	123,000	1.75%	44,000
2023	3.00%	535,000	3.00%	127,000	1.75%	45,000
2024	3.00%	551,000	3.00%	89,913	1.75%	46,000
2025	3.00%	567,000			1.75%	47,000
2026	3.00%	579,000			1.75%	48,000
2027					1.75%	49,000
2028					1.75%	50,000
2029					1.75%	51,000
2030					1.75%	13,756
2031						
2032						
		<u>6,396,000</u>		<u>1,198,913</u>		<u>717,756</u>

See accompanying independent auditor's report



City of Oelwein

Schedule of Receipts by Source and Disbursements by Function  
All Governmental Funds  
For the Last Nine Years—Years Ended June 30

	2013	2012	2011
<b>Receipts:</b>			
Property tax	\$ 2,225,651	2,088,591	2,193,856
Tax increment financing	92,163	100,755	77,819
Other city tax	975,105	980,861	796,829
Licenses and permits	86,826	80,746	90,508
Use of money and property	283,043	237,050	211,957
Intergovernmental	1,542,206	2,064,616	1,655,035
Charges for service	147,190	169,503	178,473
Special assessments	78,338	121,720	140,773
Miscellaneous	407,739	332,566	255,986
<b>Total</b>	<b>\$ 5,838,261</b>	<b>6,176,408</b>	<b>5,601,236</b>
<b>Disbursements:</b>			
Operating:			
Public safety	1,990,153	1,736,134	1,657,381
Public works	753,365	845,566	721,848
Health and social services	41,012	40,195	36,096
Culture and recreation	765,827	832,448	734,580
Community and economic development	868,849	1,044,115	1,113,995
General government	342,228	363,154	348,957
Debt service	601,358	3,162,885	526,090
Capital projects	455,840	860,504	254,967
Enterprise	2,829	21	134,643
<b>Total</b>	<b>\$ 5,821,461</b>	<b>8,885,022</b>	<b>5,528,557</b>

See accompanying independent auditor's report

2010	2009	2008	2007	2006	2005
1,924,356	1,848,092	1,812,366	1,828,186	1,746,846	1,653,158
152,164	150,020	136,547	138,099	161,607	155,521
504,753	531,325	474,004	508,516	399,905	394,643
82,745	77,139	72,053	73,689	67,977	61,375
182,723	137,646	271,087	199,268	184,814	104,457
1,451,034	1,438,224	1,191,561	1,698,867	1,743,440	1,375,291
157,251	132,138	145,868	157,803	144,706	407,599
125,985	186,564	131,537	37,166	41,252	45,058
416,260	508,329	395,268	576,110	397,606	341,271
<u>4,997,271</u>	<u>5,009,477</u>	<u>4,630,291</u>	<u>5,217,704</u>	<u>4,888,153</u>	<u>4,538,373</u>
1,612,823	1,470,636	1,506,802	1,508,523	1,649,099	1,952,294
699,846	654,838	641,866	545,938	525,040	531,129
26,342	22,210	19,092	14,927	10,929	-
709,608	664,204	673,792	595,684	536,794	495,819
537,523	743,863	673,493	387,696	207,295	155,908
327,414	346,965	250,274	248,696	283,983	224,816
1,415,055	741,453	754,716	1,637,853	375,937	261,230
807,293	762,187	1,001,904	3,334,784	4,373,910	2,056,814
536,959	15,941	53	-	-	-
<u>6,672,863</u>	<u>5,422,297</u>	<u>5,521,992</u>	<u>8,274,101</u>	<u>7,962,987</u>	<u>5,678,010</u>

City of Oelwein  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency Pass- through Number</u>	<u>Program Expenditures</u>
<u>Indirect:</u>			
<u>Department of Homeland Security</u>			
Iowa Department of Public Defense			
Initial Strategy Implementation Plan	97.067	2009-SS-T9-0034-09	\$ 76,186
National Infrastructure Protection Plan	97.067	2010-SS-T00031	309,225
FEMA	97.036	Disaster #1930 #065-58620-00	4,840
<u>U.S. Department of Justice</u>			
Iowa Department of Justice			
DASART-Stop Violence Against Women	16.588	VW-12-80D	2,373
ODCP Grant	16.71	Grant #9 Hotspots/Interdiction-19	2,441
<u>U.S. Department of Transportation</u>			
Iowa Department of Public Safety			
Alcohol Incentive Grant	20.601	PAP 12-410, Task 56	15,296
Airport Improvement Program	20.106	3-19-0067-05-2011	55,846
<u>Department of Housing and Urban Development</u>			
Iowa Department of Economic Development			
Water System Improvement	14.228	09-WS-044	174,762
Neighborhood Stabilization	14.228	08-NSP-013	86,426
	Total		<u>\$ 727,395</u>

Basis of Presentation-

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Oelwen and is presented in conformity With an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

See accompanying independent auditor's report



James R. Ridihalgh, C.P.A.  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDIT STANDARDS

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Oelwein, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 2, 2013. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Oelwein's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Oelwein's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Oelwein's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Oelwein's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be material weakness.



A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-13 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Oelwein's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### City of Oelwein's Responses to Findings

City of Oelwein responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. City of Oelwein's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sample Cash City during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.*

RIDIHALGH, FUELLING, SNITKER, WEBER AND COMPANY, P.C.

December 2, 2013

Independent Auditor's Report on Compliance  
for Each Major Federal Program, on Internal Control over Compliance  
and on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133



**RFSW** Ridihalgh Fuelling  
Snitker Weber & Co.  
C E R T I F I E D P U B L I C A C C O U N T A N T S

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Independent Auditor's Report on Compliance  
for Each Major Federal Program, on Internal Control over Compliance  
and on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited City of Oelwein, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on City of Oelwein's major federal program for the year ended June 30, 2013. City of Oelwein's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for City of Oelwein's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Oelwein's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of City of Oelwein's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Oelwein complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of non-compliance which are required to be reported in accordance with OMB Circular A-133. federal program is not modified with respect to this matter.

## Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Ridihalgh, Fuelling, Snitker, Weber & Co. P.C.

December 2, 2013

CITY OF OELWEIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

**Part I: Summary of the Independent Auditor's Results:**

- a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) No reportable condition in internal control over the major program was disclosed by the audit of the financial statements.
- e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- f) The audit did not disclose any audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- g) The major program was CFDA Number 97.067 Homeland Security.
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) City of Oelwein qualified as a low-risk auditee.



CITY OF OELWEIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-13 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the following functions are not entirely segregated: general ledger posting, coding of postings, reconciliations and the custody, distribution and writing of checks.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

II-B-12 Accounting Staff Technical Expertise– We noted that while management is capable of preparing accurate financial statements that provide information sufficient for City Council members to make management decisions, reporting financial data reliably in accordance with an other comprehensive basis of accounting (OCBA) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Due to the technical nature of these requirements, management does not prepare this information, which is a common situation in all small entities.

Response–Management feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements. Management approves the draft financial statements prior to their issuance.

Conclusion–Response accepted.

Instances of non-compliance:

No matters were noted.

CITY OF OELWEIN  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013

**Part III — Findings and Questioned Cost for Federal Awards:**

There were no findings or questioned costs for Federal Awards.

**Part IV — Other Findings Related to Statutory Reporting:**

- IV-A-13 Certified Amended Budget--Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.
- IV-B-13 Questionable Disbursements--No expenditures were noted for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-13 Travel Expenses--No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-13 Business Transactions--No business transactions between the City and City officials or employees were noted.
- IV-E-13 Bond Coverage--Security bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that coverage is adequate for current operations.
- IV-F-13 Council Minutes--No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-13 Deposits and Investments--We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- IV-H-13 Temporary Investments--The City has a systematic investment program. During the year ended June 30, 2013, the investments resulted in interest income of \$31,295.

CITY OF OELWEIN

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2013

IV-I-13 Financial Condition—Special Revenue—Sidewalk Repair, Capital Project Funds — Airport Grant, Trails-Platts, Neighborhood Stabilization, Library Bond Fund and Iowa Brownsfield, and Proprietary Fund— Water Improvement had deficit balances at June 30, 2013.

Recommendation— The City should investigate alternatives to eliminate these deficits and return these funds to a sound financial condition.

Response— The City considers all deficits temporary except for the Library Bond Fund. The City may have to transfer funds to bring this fund to eliminate this deficit.

Conclusion— Response accepted.

IV-J-13 Official Depositories--A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2013.

IV-K-13 Revenue Bonds and Notes --No instances of non-compliance with the revenue bond and note resolutions were noted.



CITY OF OELWEIN

AUDIT STAFF

This audit was performed by:

Donald A. Snitker, CPA, Manager  
James Remington, Staff  
Brent Waters, Staff